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January 6, 2006

<p style="text-align: right;">106</p> <p>1 formulary.</p> <p>2 Q. And having determined that they were</p> <p>3 functionally equivalent, did they make a</p> <p>4 formulary decision based upon the economics of</p> <p>5 the administration of the drugs?</p> <p>6 A. Yes. That went into the decision.</p> <p>7 Q. To your knowledge is Blue Cross/Blue</p> <p>8 Shield of Massachusetts receiving any rebates on</p> <p>9 Gonal F or any other physician- administered</p> <p>10 drug?</p> <p>11 A. Not to my knowledge.</p> <p>12 Q. I started asking you before we switched</p> <p>13 topics what your litigation experience was, so</p> <p>14 let's get back to that. When have you been</p> <p>15 deposed previously?</p> <p>16 A. I was deposed when I was at Harvard</p> <p>17 Pilgrim on two occasions.</p> <p>18 Q. What was the nature of those</p> <p>19 depositions? What was the nature of the issue,</p> <p>20 the litigation that you were deposed concerning?</p> <p>21 A. We had developed a relationship, a</p> <p>22 contract relationship, with a pharmacy for</p>	<p style="text-align: right;">108</p> <p>1 trying to contact their primary care physician</p> <p>2 relative to OB services, was unable to contact</p> <p>3 their primary care physician. We outreached to</p> <p>4 the physician to contact the member. The</p> <p>5 physician apparently did not contact the member.</p> <p>6 The member had a bad experience and sued the</p> <p>7 physician.</p> <p>8 Q. When you began in Blue Cross/Blue</p> <p>9 Shield of Massachusetts in 1985, did the company</p> <p>10 have in place a staff model at that time?</p> <p>11 A. I don't recall.</p> <p>12 (Discussion off the record.)</p> <p>13 BY MR. HAAS:</p> <p>14 Q. Getting back to what has been marked as</p> <p>15 Deposition Exhibit Killion 002, did you have any</p> <p>16 conversations or communications with any</p> <p>17 associations other than -- concerning the</p> <p>18 specialty pharmacy issue other than that that is</p> <p>19 reflected in this, the minutes of this meeting?</p> <p>20 A. Other associations other than MASCO?</p> <p>21 Q. Yes.</p> <p>22 A. No.</p>
<p style="text-align: right;">107</p> <p>1 fertility medications. After I left Tufts, Blue</p> <p>2 Cross/Blue Shield terminated that relationship.</p> <p>3 The provider's assertion was that the agreement</p> <p>4 couldn't be terminated; it went into perpetuity.</p> <p>5 MR. SULLIVAN: Excuse me. You said in</p> <p>6 your answer "Blue Cross/Blue Shield." Did you</p> <p>7 mean to say Tufts?</p> <p>8 THE WITNESS: Tufts. I apologize.</p> <p>9 BY MR. HAAS:</p> <p>10 Q. Were those two depositions in</p> <p>11 connection with the same matter?</p> <p>12 A. Yes.</p> <p>13 Q. Have you been deposed in any other</p> <p>14 action?</p> <p>15 A. No.</p> <p>16 Q. Have you otherwise had any</p> <p>17 participation or involvement in any other</p> <p>18 litigation?</p> <p>19 A. There was one incident at Tufts Health</p> <p>20 Plan.</p> <p>21 Q. What was that incident?</p> <p>22 A. It was in regards to a member who was</p>	<p style="text-align: right;">109</p> <p>1 Q. Did you have subsequent communications</p> <p>2 with MASCO concerning this issue?</p> <p>3 A. I was involved in more than one</p> <p>4 communication with MASCO. I'm not clear of the</p> <p>5 dates, so whether or not there were meetings</p> <p>6 prior to this meeting or after this meeting, I</p> <p>7 would need to see copies of minutes.</p> <p>8 Q. But it is your recollection there were</p> <p>9 other specialty committee meetings with MASCO</p> <p>10 that involved the question of whether to</p> <p>11 implement a specialty pharmacy model for the</p> <p>12 supply of oncology drugs?</p> <p>13 A. There were -- yes. There were other</p> <p>14 meetings with -- let me clarify that. Yes. There</p> <p>15 were other meetings with MASCO to discuss our</p> <p>16 specialty pharmacy program in general and any</p> <p>17 concerns or issues that MASCO wanted to raise in</p> <p>18 regards to the delivery of oncology medications.</p> <p>19 Q. Were there any individuals on the</p> <p>20 specialty pharmacy committee that was</p> <p>21 specifically looking at the issue of whether to</p> <p>22 implement a specialty pharmacy model for oncology</p>

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<p style="text-align: right;">110</p> <p>1 drugs?</p> <p>2 A. We made the decision not to implement</p> <p>3 at that point in time and to further evaluate</p> <p>4 when we rolled out the specific therapeutic</p> <p>5 classes that I previously discussed.</p> <p>6 Q. Okay. Now you said the decision was</p> <p>7 not to implement the model with respect to</p> <p>8 oncology drugs at that time. Why was that?</p> <p>9 A. Part of it was because we were looking</p> <p>10 at CMS and the reimbursement methodology,</p> <p>11 understanding that at that point it wasn't</p> <p>12 industry standard. We were concerned, continue</p> <p>13 to be concerned, in regards to being overcharged</p> <p>14 for oncology medications but wanted to make sure</p> <p>15 we roll out a program that benefits our members</p> <p>16 and also addresses concerns that the oncologists</p> <p>17 have raised in a thoughtful manner.</p> <p>18 Q. Okay. Who was involved in that</p> <p>19 analysis specifically dealing with oncology</p> <p>20 drugs?</p> <p>21 A. Mike Mulrey was.</p> <p>22 Q. Anyone else?</p>	<p style="text-align: right;">112</p> <p>1 Q. Yes.</p> <p>2 A. We didn't contemplate doing that. We</p> <p>3 contemplated looking at a change in reimbursement</p> <p>4 methodology to our oncologists but not</p> <p>5 implementing a specialty pharmacy program at that</p> <p>6 point in time.</p> <p>7 Q. All right. I understand that Blue</p> <p>8 Cross/Blue Shield of Massachusetts engaged in an</p> <p>9 analysis of whether to move from AWP or fee</p> <p>10 schedule based methodology to ASP. I understand</p> <p>11 that.</p> <p>12 A. And that is Mike Mulrey's analysis that</p> <p>13 I refer to.</p> <p>14 Q. Aside from that, with respect to the</p> <p>15 question of whether or not Blue Cross/Blue Shield</p> <p>16 of Massachusetts contemplated implementing a</p> <p>17 specialty pharmacy model for the supply and</p> <p>18 administration of oncology drugs, question number</p> <p>19 one, did Blue Cross/Blue Shield of Massachusetts</p> <p>20 contemplate implementing a specialty pharmacy</p> <p>21 model for oncology drugs?</p> <p>22 A. We deferred a decision to implement</p>
<p style="text-align: right;">111</p> <p>1 A. Not that I'm aware of.</p> <p>2 Q. Yesterday Mr. Mulrey testified the only</p> <p>3 involvement he had was implementing your</p> <p>4 strategy. Is that incorrect testimony?</p> <p>5 A. Mike Mulrey had done an analysis</p> <p>6 looking at the impact of moving to AWP minus 15.</p> <p>7 Q. Right. But right now I'm talking about</p> <p>8 whether the -- whether Blue Cross/Blue Shield of</p> <p>9 Massachusetts --</p> <p>10 MR. HAAS: Withdraw that question.</p> <p>11 Q. The issue we're addressing, talking</p> <p>12 about now is Blue Cross/Blue Shield's decision to</p> <p>13 defer implementing the specialty pharmacy model</p> <p>14 for oncology drugs.</p> <p>15 A. Um-hmm.</p> <p>16 Q. So the question, number one, is what</p> <p>17 involvement, if any, did Mike Mulrey have in that</p> <p>18 decision-making process?</p> <p>19 A. When you say implementing oncology for</p> <p>20 specialty pharmacy, do you mean utilizing a</p> <p>21 specialty pharmacy vendor for the oncology</p> <p>22 program?</p>	<p style="text-align: right;">113</p> <p>1 until we had more time to evaluate CMS</p> <p>2 methodology.</p> <p>3 Q. Okay. CMS doesn't have a specialty</p> <p>4 pharmacy reimbursement model, does it?</p> <p>5 A. CMS has a reimbursement model. When</p> <p>6 you -- when you mean specialty pharmacy, do they</p> <p>7 use a specialty pharmacy vendor to --</p> <p>8 Q. Right.</p> <p>9 A. Not that I'm aware of. I believe it is</p> <p>10 something that CMS is looking at.</p> <p>11 Q. My immediate question, though, is what</p> <p>12 Blue Cross/Blue Shield considered in 2004. Did</p> <p>13 Blue Cross/Blue Shield of Massachusetts give any</p> <p>14 consideration, do any analysis of whether to</p> <p>15 implement a specialty pharmacy model with respect</p> <p>16 to oncology drugs at that time?</p> <p>17 A. No. We decided to defer.</p> <p>18 Q. Did you decide to defer the analysis or</p> <p>19 the decision?</p> <p>20 A. The decision as to when we would</p> <p>21 implement the program.</p> <p>22 Q. Okay. So let me move back to my</p>

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<p style="text-align: right;">114</p> <p>1 question. My question is did you analyze it or</p> <p>2 consider it or do any work on that particular</p> <p>3 issue in 2004.</p> <p>4 A. No, we did not, other than the analysis</p> <p>5 that you're aware of that Mike Mulrey did, which</p> <p>6 is what I had referred to previously.</p> <p>7 Q. That analysis is still the move from</p> <p>8 AWP or fee schedule to ASP and not with respect</p> <p>9 to whether to implement a specialty pharmacy?</p> <p>10 A. That is correct.</p> <p>11 Q. To be clear then, did, in your</p> <p>12 knowledge, Mr. Mulrey do any analysis or study or</p> <p>13 evaluation of whether to implement a specialty</p> <p>14 pharmacy model?</p> <p>15 A. No. Not a specialty pharmacy model.</p> <p>16 No.</p> <p>17 Q. All right. You said you didn't read</p> <p>18 the Complaint in this matter?</p> <p>19 A. No.</p> <p>20 Q. Have you had any involvement in the in</p> <p>21 re: Managed Care Litigation or the Thomas</p> <p>22 litigation?</p>	<p style="text-align: right;">116</p> <p>1 Q. What is your understanding of the terms</p> <p>2 of this AWP litigation?</p> <p>3 MR. HAAS: Withdraw that question.</p> <p>4 Q. What is your understanding of</p> <p>5 plaintiffs' allegations in the AWP litigation?</p> <p>6 A. That there was -- that AWP was an</p> <p>7 artificially-established methodology in the</p> <p>8 reimbursement of drugs and that that price was</p> <p>9 overinflated, overcharged.</p> <p>10 Q. Prior to 2003 or 2004, did you have any</p> <p>11 independent knowledge of that issue?</p> <p>12 A. Prior to 2004-2003? Is that what you</p> <p>13 said?</p> <p>14 Q. Yes.</p> <p>15 A. In 2004 when I saw The Wall Street</p> <p>16 Journal article it referenced oncologists</p> <p>17 purchasing oncology medications at much deeper</p> <p>18 discounts than we reimburse for.</p> <p>19 Q. Prior to 2003 and 2004, did you have</p> <p>20 any understanding as to the term "AWP"?</p> <p>21 A. Yes.</p> <p>22 Q. Okay. When did you first gain an</p>
<p style="text-align: right;">115</p> <p>1 A. Minimal involvement, yes.</p> <p>2 Q. What is your involvement?</p> <p>3 A. Producing any documents associated with</p> <p>4 that.</p> <p>5 Q. When did you produce documents</p> <p>6 associated with that case?</p> <p>7 A. I don't know the time frame. I think</p> <p>8 it was over a year ago now.</p> <p>9 Q. Do you have an understanding of the</p> <p>10 allegations in that case?</p> <p>11 A. Not completely.</p> <p>12 Q. Do you have an understanding of any of</p> <p>13 the allegations in that case?</p> <p>14 A. Not fully. No.</p> <p>15 Q. Do you have an understanding that</p> <p>16 physicians are alleging that the defendants,</p> <p>17 including Blue Cross/Blue Shield of</p> <p>18 Massachusetts, failed to properly reimburse them</p> <p>19 for drugs?</p> <p>20 MR. SULLIVAN: Objection. Beyond the</p> <p>21 scope.</p> <p>22 A. No. Not specifically.</p>	<p style="text-align: right;">117</p> <p>1 understanding of the term "AWP"?</p> <p>2 A. When I was working in retail pharmacy</p> <p>3 at Tufts Health Plan.</p> <p>4 Q. What was your understanding of the term</p> <p>5 "AWP" at that time?</p> <p>6 A. That that was an industry standard that</p> <p>7 insurers used to reimburse for drugs in</p> <p>8 physicians' offices as well as through our PBM.</p> <p>9 Q. Was it your understanding that AWP was</p> <p>10 generally set for brand name drugs at a 20 to 25</p> <p>11 markup over the WAC, or wholesale acquisition</p> <p>12 cost?</p> <p>13 A. No. Not specifically.</p> <p>14 Q. Do you have a general understanding of</p> <p>15 it?</p> <p>16 A. General, yes.</p> <p>17 Q. Do you have a general understanding</p> <p>18 that AWP was set at some percentage over WAC or</p> <p>19 markup over WAC?</p> <p>20 A. I wasn't that familiar with WAC at the</p> <p>21 time. No.</p> <p>22 Q. What was your understanding as to how</p>

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<p style="text-align: right;">118</p> <p>1 AWP was set, if you had any understanding?</p> <p>2 A. That the manufacturers had a lot of</p> <p>3 involvement in regards to AWP.</p> <p>4 Q. My question is what was your</p> <p>5 understanding as to how -- I understand your</p> <p>6 position in this litigation, but my specific</p> <p>7 question was what was your understanding as to</p> <p>8 how AWP was calculated.</p> <p>9 MR. SULLIVAN: That is a different</p> <p>10 question.</p> <p>11 MR. HAAS: Well, it is not. What I said</p> <p>12 was "set."</p> <p>13 BY MR. HAAS:</p> <p>14 Q. But go ahead.</p> <p>15 A. That it -- again that it was -- it was</p> <p>16 a fee that was established for the price of drugs</p> <p>17 and that manufacturers had a large role in</p> <p>18 dictating what that fee was.</p> <p>19 Q. How did you determine that</p> <p>20 manufacturers had a large role in determining</p> <p>21 what that fee was?</p> <p>22 A. That was my understanding.</p>	<p style="text-align: right;">120</p> <p>1 Q. Excuse me. You had discussions with</p> <p>2 other individuals at Tufts Health Plan at that</p> <p>3 time regarding the fact that AWP was an</p> <p>4 artificial price; correct?</p> <p>5 MR. SULLIVAN: Objection. Beyond the</p> <p>6 scope.</p> <p>7 Q. You can answer.</p> <p>8 A. We had concerns at Tufts Health Plan in</p> <p>9 regards to AWP, although we used AWP as the price</p> <p>10 in which we reimbursed for drugs at the retail</p> <p>11 pharmacy and encouraged our physicians to utilize</p> <p>12 generics.</p> <p>13 Q. And what were your concerns with the</p> <p>14 use of AWP at that time given that you knew that</p> <p>15 it was an artificial price?</p> <p>16 A. Well, one of our major initiatives was</p> <p>17 to move physicians to generic medications,</p> <p>18 knowing that they were much more cost effective</p> <p>19 than the price that was set for brand</p> <p>20 medications.</p> <p>21 Q. So what did your knowledge that AWP was</p> <p>22 an artificial price have to do with that</p>
<p style="text-align: right;">119</p> <p>1 Q. How did you get that understanding?</p> <p>2 A. In -- in working in retail pharmacy at</p> <p>3 that time.</p> <p>4 Q. What communication did you have that</p> <p>5 reinforced or established that understanding at</p> <p>6 that time?</p> <p>7 A. I think there were discussions</p> <p>8 internally within the company in regards to AWP</p> <p>9 and people referring to AWP as a -- as an</p> <p>10 artificial price but a price that the industry</p> <p>11 used in regards to establishing reimbursement off</p> <p>12 of.</p> <p>13 Q. So when you were working in retail</p> <p>14 pharmacy, you understood that AWP was an</p> <p>15 artificial term, an artificial price?</p> <p>16 A. Yes. That it was a -- correct.</p> <p>17 Q. Okay. And you had discussions with</p> <p>18 other members of Blue Cross/Blue Shield at that</p> <p>19 time?</p> <p>20 MR. SKWARA: Objection.</p> <p>21 Q. Right?</p> <p>22 A. That was Tufts Health Plan.</p>	<p style="text-align: right;">121</p> <p>1 initiative?</p> <p>2 A. Moving physicians to generic</p> <p>3 medications produced the result of providing a</p> <p>4 more cost effective retail pharmacy program.</p> <p>5 Q. That is because you understood at the</p> <p>6 time that generic drugs were discounted much more</p> <p>7 heavily than brand name drugs; right?</p> <p>8 A. That's right.</p> <p>9 Q. That is common knowledge in the</p> <p>10 industry; right?</p> <p>11 A. Maximum allowable cost.</p> <p>12 Q. Well, my question is isn't it common</p> <p>13 knowledge or wasn't it common knowledge --</p> <p>14 A. Yes, it was.</p> <p>15 Q. -- at the time frame in 1998 when you</p> <p>16 were in the retail pharmacy department of Tufts</p> <p>17 that generic drugs were discounted heavily as</p> <p>18 compared to brand name drugs?</p> <p>19 A. Yes.</p> <p>20 MR. SULLIVAN: Objection. Beyond the</p> <p>21 scope.</p> <p>22 A. Yes. That was my knowledge.</p>

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1 Q. Was it also your understanding at the
2 time that when competition came into the market
3 for brand name drugs, i.e., multisource
4 competition, there were also discounts and
5 rebates that were provided on those drugs?

6 MR. SULLIVAN: Objection. Beyond the
7 scope.

8 A. That's correct.

9 Q. So typically -- so it was your
10 understanding then in the 1998 time frame that
11 when a brand name drug first came to market there
12 typically were no incentives associated with the
13 drug, but then as competition entered the market,
14 first multisource, and then with generics, more
15 incentives were provided for the drug; correct?

16 MR. SULLIVAN: Objection.

17 A. Correct.

18 Q. And that is what led to your
19 understanding that AWP was an artificial price
20 because it didn't bear a relationship to the
21 acquisition cost; correct?

22 A. Correct.

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1 Q. Now in 1998 when you had this
2 understanding, how did that impact the
3 reimbursement policies of Tufts at this time?

4 MR. SULLIVAN: Objection. Beyond the
5 scope.

6 A. Tufts put in place a pharmacy risk
7 program to encourage the utilization of generic
8 medications and formulary medications at this
9 point in time.

10 Q. And what was the reimbursement
11 methodologies that Tufts put in place in order to
12 address its understanding that generic drugs were
13 cheaper?

14 A. Can you repeat that question?

15 Q. I am just trying to close a loop. What
16 was the particular pharmacy risk program that
17 Tufts put into place?

18 A. I am sorry. Your question was what was
19 the particular pharmacy risk program that Tufts
20 put into place?

21 Q. Yes. You had testified that Tufts put
22 into place a pharmacy risk program.

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1 A. That's correct.

2 Q. My question simply is what was that
3 program.

4 A. As I stated before, Tufts had a budget
5 per IPA, PHO, in regards to pharmacy expense,
6 provided reports to physicians in regards to
7 generic brand name utilization and encouraged the
8 use of generic utilization in our network along
9 with formulary utilization and other preferred
10 plans that we put in place where there was prior
11 authorization for high-cost brand name drugs.

12 Q. Now we were discussing your knowledge
13 while at Tufts in 1998 that acquisition costs
14 varied based upon the competition for the drugs
15 in the marketplace. When did you first obtain
16 that understanding?

17 MR. SULLIVAN: Objection. I think that
18 mischaracterizes what the witness' testimony was.

19 MR. HAAS: I disagree.

20 BY MR. HAAS:

21 Q. But you can clarify.

22 MR. SULLIVAN: Do you understand the

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1 question?

2 THE WITNESS: No.

3 Q. My question is when did you first
4 obtain the understanding that you have testified
5 to that in 1998 you understood that the
6 acquisition cost of drugs varied depending upon
7 whether it was branded, multisource or generic,
8 and the level of competition in the marketplace?

9 A. Through our PBM and the discounts that
10 we were able to achieve through multisource drugs
11 versus brand name drugs --

12 Q. All right.

13 A. -- and the competition in the
14 marketplace.

15 Q. All right. Did you have that
16 understanding before coming to Tufts or while
17 working at Tufts?

18 A. While working in Tufts.

19 Q. So you obtained that understanding in
20 the 1998 time frame?

21 A. Correct.

22 Q. Was it your understanding that that was

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<p style="text-align: right;">126</p> <p>1 basically common knowledge at this point in time?</p> <p>2 MR. SULLIVAN: Objection; beyond the</p> <p>3 scope. Objection; form.</p> <p>4 A. Common knowledge that generics were</p> <p>5 less expensive?</p> <p>6 Q. No. Just that brand name drugs --</p> <p>7 excuse me -- common knowledge --</p> <p>8 MR. HAAS: Withdraw the question.</p> <p>9 Q. Was it your understanding at the time</p> <p>10 that it was basically common knowledge that</p> <p>11 acquisition costs varied depending upon whether a</p> <p>12 drug was brand or multisource or generic given</p> <p>13 the level of competition in the marketplace for</p> <p>14 the drugs?</p> <p>15 A. Yes.</p> <p>16 MR. SULLIVAN: Objection to form.</p> <p>17 A. Yes.</p> <p>18 MR. NOTARGIACOMO: Let me clarify</p> <p>19 "acquisition cost."</p> <p>20 MR. HAAS: You can object. He said yes.</p> <p>21 MR. SULLIVAN: I objected to the form</p> <p>22 of the question. I think it is unclear.</p>	<p style="text-align: right;">128</p> <p>1 understanding that the acquisition cost by</p> <p>2 hospitals, by pharmacies, by doctors changed</p> <p>3 depending upon whether a drug was brand name,</p> <p>4 multisource or retail, generic, depending upon</p> <p>5 the level of competition in the marketplace for</p> <p>6 the drugs?</p> <p>7 MR. SULLIVAN: Objection. Form;</p> <p>8 compound; complex.</p> <p>9 A. When you are referring to acquisition</p> <p>10 cost, I am referring specifically to the price</p> <p>11 that Tufts Health Plan paid for the drugs, and we</p> <p>12 knew that it was more cost effective for</p> <p>13 multisource generic drugs than it was for our</p> <p>14 physicians to be prescribing brand name drugs.</p> <p>15 Q. And it was your understanding the</p> <p>16 reason for that was because manufacturers</p> <p>17 provided different discounts and incentives and</p> <p>18 depending upon the level of competition for the</p> <p>19 drugs; correct?</p> <p>20 MR. SULLIVAN: Objection. Beyond the</p> <p>21 scope.</p> <p>22 A. That wasn't my understanding specific</p>
<p style="text-align: right;">127</p> <p>1 BY MR. HAAS:</p> <p>2 Q. Your answer was yes?</p> <p>3 A. Can you clarify "acquisition cost"?</p> <p>4 Q. Price paid for the drugs.</p> <p>5 MR. SULLIVAN: By whom?</p> <p>6 MR. HAAS: You have to give me a</p> <p>7 chance.</p> <p>8 MR. SULLIVAN: Sorry.</p> <p>9 MR. HAAS: Just object.</p> <p>10 MR. SULLIVAN: I did object, and you</p> <p>11 didn't change the form.</p> <p>12 MR. HAAS: You object. That is your</p> <p>13 job. You object.</p> <p>14 MR. SULLIVAN: I know my job.</p> <p>15 MR. HAAS: If I want to clarify, I can.</p> <p>16 If I don't, I don't.</p> <p>17 MR. SULLIVAN: I understand.</p> <p>18 MR. HAAS: So I will reask the</p> <p>19 question, and I am trying to address your</p> <p>20 concerns.</p> <p>21 BY MR. HAAS:</p> <p>22 Q. The question is: Did you have an</p>	<p style="text-align: right;">129</p> <p>1 to, as you said, as you restated it, physicians,</p> <p>2 hospitals and others, but specific to the price</p> <p>3 that we paid as a health plan through the retail</p> <p>4 pharmacy program.</p> <p>5 Q. Right. But the price that you paid as</p> <p>6 the ultimate payer was dependent -- turned in</p> <p>7 part upon the price that the drugs could be</p> <p>8 acquired, but turned upon the competition in the</p> <p>9 marketplace for the particular drugs; right?</p> <p>10 MR. SULLIVAN: Objection to form,</p> <p>11 "ultimate payer." Vague.</p> <p>12 A. It was clear to us that yes, yes,</p> <p>13 generics were more cost effective than brand name</p> <p>14 drugs.</p> <p>15 Q. And just to be clear, you understood</p> <p>16 that multisource were more cost effective than</p> <p>17 brand name drugs because there was more</p> <p>18 competition for multisource than brand name</p> <p>19 drugs; right?</p> <p>20 A. Correct.</p> <p>21 MR. SULLIVAN: Can we have an off-the-</p> <p>22 record discussion here?</p>

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<p style="text-align: right;">130</p> <p>1 MR. HAAS: Yes. Just one second. 2 (Discussion off the record, 3 followed by a luncheon recess 4 taken at 12:31 p.m.) 5 6 --- 7 8 AFTERNOON SESSION 9 1:05 P.M. 10 MR. HAAS: Back on the record. 11 12 CONTINUED DIRECT EXAMINATION OF MR. KILLION 13 BY MR. HAAS: 14 Q. Mr. Killion, did you have the 15 opportunity to discuss the subject matter of your 16 testimony with your counsel during the half-hour 17 break? 18 A. Briefly, yes. 19 Q. What did you discuss? 20 A. My understanding of -- 21 MR. NOTARGIACOMO: Objection. 22 MR. SULLIVAN: Objection.</p>	<p style="text-align: right;">132</p> <p>1 Q. Did you discuss the subject matter of 2 your testimony with your counsel during the 3 break? 4 MR. SULLIVAN: Objection. What do you 5 mean? I think that is a misleading question. 6 What do you mean by "testimony"? 7 MR. HAAS: It is -- okay. I am going 8 to stand on that question. If you want to object 9 to the question or you want to instruct him not 10 to answer that, I think it is a very clear 11 question under the law. It is a proper inquiry 12 and exactly the type of question that courts will 13 allow. 14 BY MR. HAAS: 15 Q. My question is: Did you talk about the 16 subject matter of your testimony with your 17 counsel during the break? 18 A. Specific to "subject matter"? 19 Q. You don't understand what I mean when I 20 say "subject matter"? 21 A. If you could be more clear, that would 22 be helpful.</p>
<p style="text-align: right;">131</p> <p>1 MR. HAAS: On what grounds? You 2 discussed with him the subject matter of his 3 cross examination, and you are instructing him 4 not to answer? 5 MR. SULLIVAN: That is not the record. 6 You asked the witness if he had a discussion 7 concerning his testimony. 8 MR. HAAS: Right. 9 MR. SULLIVAN: The answer to that was 10 yes. 11 MR. HAAS: Right. 12 MR. SULLIVAN: And the subject matter 13 of that was his redirect examination, not the 14 cross examination. 15 MR. HAAS: That is not what he 16 testified. 17 MR. SULLIVAN: Wait a minute. 18 MR. HAAS: Let me go back and 19 establish. I will do it clean so we have no 20 question, and if you want to instruct him, go 21 ahead. 22 BY MR. HAAS:</p>	<p style="text-align: right;">133</p> <p>1 Q. Did you discuss with your counsel what 2 it is you testified to during -- on your -- 3 MR. HAAS: I withdraw the question. 4 Q. During the half-hour break, did you 5 talk with counsel about what you testified to 6 before the break? 7 A. I talked to -- to the responses to 8 questions that were asked. 9 Q. All right. What did you talk -- what 10 did you discuss with your counsel about the 11 answers that you gave prior to the break? 12 A. Prior to the break? 13 Q. No. During the break, what did you 14 discuss with your counsel about what you 15 testified to prior to the break? 16 A. My understanding of AWP relating to 17 acquisition cost. 18 Q. And did you discuss with counsel how to 19 change or modify or amend your testimony? 20 A. No. 21 Q. What did you tell counsel concerning 22 the subject matter of your testimony?</p>

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<p style="text-align: right;">134</p> <p>1 A. My understanding of, again, of AWP as 2 it relates to acquisition cost. 3 Q. As you testified in the record prior to 4 the break? 5 A. That's correct. 6 MR. HAAS: I have no further questions 7 at this time. 8 MR. NOTARGIACOMO: In general or about 9 that subject? Your examination is concluded? 10 MR. HAAS: It is concluded at this 11 time. 12 MR. NOTARGIACOMO: I just have a few, a 13 very few questions in -- 14 MR. HAAS: You are providing the cross 15 on behalf of plaintiffs? 16 MR. SULLIVAN: Yes. 17 MR. NOTARGIACOMO: Yes. 18 MR. HAAS: Okay. 19 CROSS EXAMINATION 20 BY MR. NOTARGIACOMO: 21 Q. When you -- do you remember when you 22 were discussing with Attorney Haas your</p>	<p style="text-align: right;">136</p> <p>1 your understanding that AWP was an artificial 2 price because it did not bear a relationship to 3 actual prices. Do you remember agreeing to that 4 statement? 5 MR. HAAS: Objection to form. 6 A. I do. 7 Q. Do you have an understanding -- well, 8 actually in 1998 when you were employed at Tufts, 9 do you have an understanding of how AWP was 10 calculated? 11 MR. HAAS: Objection to form. 12 A. No. Not how it was calculated. 13 Q. Do you have -- did you have an 14 understanding as to the relationship between AWP 15 and the actual prices that were paid by 16 physicians for physician- administered drugs? 17 A. No. 18 MR. HAAS: Objection to form. The 19 record speaks for itself. 20 Q. When you said and used the term 21 "artificial price" in that answer, what did you 22 mean by the term "artificial price"?</p>
<p style="text-align: right;">135</p> <p>1 employment at Tufts Healthcare prior to the 2 break? 3 A. Yes. 4 Q. And there was a discussion about 5 average wholesale price and its relationship to 6 the actual acquisition prices; do you recall 7 that? 8 MR. HAAS: Objection -- 9 A. Yes. 10 MR. HAAS: -- to form. 11 Q. And Mr. Haas asked you about your use 12 or -- he asked you about your understanding about 13 what AWP was? 14 MR. HAAS: Objection to form. 15 Q. Do you recall that? 16 A. I do. 17 Q. And do you recall saying that AWP was 18 an artificial price? 19 MR. HAAS: Objection to form. 20 A. I do. 21 Q. And prior to the break, Mr. Haas asked 22 you -- Attorney Haas asked you whether it was</p>	<p style="text-align: right;">137</p> <p>1 MR. HAAS: Objection to form. 2 A. Artificial price meaning a -- a price 3 that -- that was referred to as it ain't what you 4 pay, or the acronym AWP, ain't what you pay, used 5 commonly at Tufts Health Plan. 6 Q. Did you have an understanding -- are 7 you using that term, "it ain't what it pays," is 8 it your understanding that AWP was not the 9 arithmetic actual average of wholesale prices? 10 A. That -- 11 MR. HAAS: Objection to form. Leading 12 question. 13 A. That's correct. 14 Q. Did you understand what the 15 relationship was between average wholesale price 16 and as published or as -- 17 MR. NOTARGIACOMO: Strike that. 18 Q. Did you have an understanding about 19 what average wholesale price was in relationship 20 to the prices that physicians were paying for 21 those drugs? 22 A. No, I did not.</p>

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1 MR. HAAS: Objection to form. The
2 record speaks for itself.

3 MR. NOTARGIACOMO: I have no further
4 questions.

5 REDIRECT EXAMINATION

6 BY MR. HAAS:

7 Q. Just to clarify, you testified after
8 the break following your conversations with
9 counsel that it was commonly discussed at Tufts
10 Plan in the 1998 time frame that AWP properly
11 stood for "ain't what's paid"; is that correct?

12 MR. SULLIVAN: Objection. Form.

13 A. That term had been used. Correct.

14 Q. And I believe you just testified that
15 you had --

16 MR. HAAS: I withdraw that question.

17 Q. So you understood that by that phrase,
18 "ain't what's paid," that AWP was not in fact the
19 actual average of wholesale prices; correct?

20 A. That's correct.

21 Q. And you understood at this time and it
22 was discussed at Tufts that AWP bore no

1 CERTIFICATE

2 Commonwealth of Massachusetts

3 Plymouth, ss.

4 I, Judith McGovern Williams, a Registered
5 Professional Reporter and Notary Public in and for the
6 Commonwealth of Massachusetts, do hereby certify:

7 That JOHN M. KILLION, the witness whose
8 deposition is hereinbefore set forth, was duly sworn
9 by me and that such deposition is a true record of the
10 testimony given by the said witness.

11 IN WITNESS WHEREOF, I have hereunto set my
12 hand this ____ day of _____, 2006.

13

14

15 Judith McGovern Williams
16 Registered Professional Reporter
17 Certified Realtime Reporter
18 Certified LiveNote Reporter
19 Certified Shorthand Reporter No. 130993

20

21 My Commission expires:

22 April 2, 2010

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1 predictable relationship to the actual cost as
2 paid; right?

3 MR. SULLIVAN: Objection to form;
4 compound.

5 A. Correct.

6 Q. Okay.

7 MR. HAAS: I have no further questions.

8 MR. NOTARGIACOMO: I think we are done.

9 MR. SULLIVAN: Okay. Thank you.

10 (Whereupon, at 1:13 p.m., the
11 deposition was adjourned.)

12

13

14

15

16

JOHN M. KILLION

17 Subscribed and sworn to and before me

18 this ____ day of _____, 20 ____.

19

20

21

22 Notary Public

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